

**California Energy Commission
Environmental and Energy Infrastructure and Licensing Committee**

Hearing on the *Draft Strategic Plan for Distributed Generation*

Wednesday, May 22, 2002
1516 Ninth Street, Hearing Room A
Sacramento, California

- 9:00 a.m. Welcome and Introductions
 Robert A. Laurie, Commissioner and Presiding Member
 Robert Pernell, Commissioner and Associate Member
- 9:15 a.m. Overview of Strategic Plan and Schedule Review
 Scott Tomashefsky, Energy Commission Project Manager
- 9:45 a.m. Comment and Discussion from Invited Panelists
- Representative from Southern California Edison Co.
 - Vince Schwent, Sacramento Municipal Utility District
 - Representative from Pacific Gas and Electric Company
 - Steven Torres, Fuel Cell Energy
 - Cal Broomhead, City of San Francisco - Department of Environment
 - Kurt Kammerer, San Diego Regional Energy Office
 - Jeff Byron, Silicon Valley Manufacturing Group
- 10:45 a.m. Additional Public Comment
- 11:30 a.m. Discussion regarding Exit Fees
 (Pursuant to Near-Term Goal 4, Activity 2 in Report, Page 32)

The Committee would like to hold an open, informal discussion to solicit comments on the issue of whether exit fees should apply to departing load customers. Some of the questions we would like to address include but should not be limited to the following:

1. Could DG have a positive impact on system reliability during peak periods if such generators were required to operate during likely system peak hours? Should we encourage this by exempting these customers from exit fees?
2. Should some or all departing load customers be exempt from exit fee consideration?
3. If exemptions from exit fees are developed for certain departing load customers, what should be the criteria for determining which customers should be exempted?

4. Should exemption from exit fees be limited to new departing load customers as of a fixed date or should it be applied retroactively?
5. How would the imposition of exit fees on departing load customers impact the deployment of distributed generation in California?
6. What would be the approximate cost increase per kilowatt hour to other utility customers if all departing load customers were exempt from paying an exit fee?

In addition to its relevance to the draft Strategic Plan, this issue is also a key component of CPUC rulemaking (R.02-01-011). The Energy Commission has already stated its intent to file testimony in this proceeding and will discuss the issue further at its May 29th business meeting (Item #3).